

By Mustafa Q. Khatib 7 (attorney) U.S.R., No. 49

A JOINT RESOLUTION

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article VIII, Section 1(c), of the Texas

(c) The Legislature may provide for the taxation of

SECTION 2. Article VIII of the Texas Constitution is amended

Sec. 24. (a) A general law enacted by the legislature that

(1) the portion of the law imposing the tax not take

1           (2) subject to legislative appropriation, allocation,  
2 and direction, all net revenues remaining after payment of all  
3 refunds allowed by law and expenses of collection from the tax  
4 shall be used only:

5                   (A) for the support and maintenance of primary  
6 and secondary public schools; and

7                   (B) in the first year that the tax is imposed  
8 and during the first year of any tax rate increase, to reduce ad  
9 valorem taxes levied and collected for primary and secondary  
10 education, and in subsequent years, to provide continued property  
11 tax relief.

12           (b) A general law enacted by the legislature that increases  
13 the rate of the tax may not take effect until approved by a  
14 majority of the registered voters voting in a statewide referendum  
15 held on the question of increasing the rate, which referendum must  
16 specify the increased rate.

17           (c) Except as provided by Subsection (b) of this section,  
18 the legislature may amend or repeal a tax approved by the voters  
19 under this section without submitting the amendment or the repeal  
20 to the voters as provided by Subsection (a) of this section.

21           (d) If the legislature repeals a tax approved by the voters  
22 under this section, the legislature may reenact the tax without  
23 submitting the reenactment to the voters as provided by Subsection  
24 (a) of this section only if the effective date of the reenactment  
25 of the tax is before the first anniversary of the effective date of  
26 the repeal.

27           SECTION 3. This proposed constitutional amendment shall be

1 submitted to the voters at an election to be held November 2, 1993.  
2 The ballot shall be printed to provide for voting for or against  
3 the proposition: "The constitutional amendment prohibiting a  
4 personal income tax without voter approval and dedicating the  
5 proceeds of the tax to education and property tax relief."

By: Montford, et al.

S.J.R. No. 49

(In the Senate - Filed April 20, 1993; April 20, 1993, read first time and referred to Committee on Finance; April 26, 1993, reported adversely, with favorable Committee Substitute by the following vote: Yeas 8, Nays 0; April 26, 1993, sent to printer.)

#### COMMITTEE VOTE

	Yea	Nay	PNV	Absent
Montford	x			
Turner	x			
Armbrister	x			
Barrientos			x	
Bivins				x
Ellis	x			
Haley				x
Moncrief	x			
Parker	x			
Ratliff				x
Sims	x			
Truan				x
Zaffirini	x			

COMMITTEE SUBSTITUTE FOR S.J.R. No. 49

By: Montford

#### SENATE JOINT RESOLUTION

proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article VIII, Section 1(c), of the Texas Constitution is amended to read as follows:

(c) The Legislature may provide for the taxation of intangible property and may also impose occupation taxes, both upon natural persons and upon corporations, other than municipal, doing any business in this State. Subject to the restrictions of Section 24 of this article, it [it] may also tax incomes of both natural persons and corporations other than municipal. Persons[7-except that-persons] engaged in mechanical and agricultural pursuits shall never be required to pay an occupation tax.

SECTION 2. Article VIII of the Texas Constitution is amended by adding Section 24 to read as follows:

Sec. 24. (a) A general law enacted by the legislature that imposes a tax on the net incomes of natural persons, including a person's share of partnership and unincorporated association income, must provide that:

(1) the portion of the law imposing the tax not take effect until approved by a majority of the registered voters voting in a statewide referendum held on the question of imposing the tax, which referendum must specify the rate of the tax that will apply to taxable income as defined by law; and

(2) subject to legislative appropriation, allocation, and direction, all net revenues remaining after payment of all refunds allowed by law and expenses of collection from the tax shall be used only:

(A) for the support and maintenance of primary and secondary public schools; and

(B) to reduce ad valorem taxes for primary and secondary education, and in subsequent years, to provide continued property tax relief.

(b) A general law enacted by the legislature that increases the rate of the tax may not take effect until approved by a majority of the registered voters voting in a statewide referendum held on the question of increasing the rate, which referendum must specify the increased rate.

(c) Except as provided by Subsection (b) of this section, the legislature may amend or repeal a tax approved by the voters under this section without submitting the amendment or the repeal

to the voters as provided by Subsection (a) of this section.

(d) If the legislature repeals a tax approved by the voters under this section, the legislature may reenact the tax without submitting the reenactment to the voters as provided by Subsection (a) of this section only if the effective date of the reenactment of the tax is before the first anniversary of the effective date of the repeal.

(e) The legislature may provide for the taxation of income in a manner which is consistent with federal law.

SECTION 3. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 2, 1993. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief."

\* \* \* \* \*

Austin, Texas  
April 26, 1993

Hon. Bob Bullock  
President of the Senate

Sir:

We, your Committee on Finance to which was referred S.J.R. No. 49, have had the same under consideration, and I am instructed to report it back to the Senate with the recommendation that it do not pass, but that the Committee Substitute adopted in lieu thereof do pass and be printed.

Montford, Chairman

\* \* \* \* \*

WITNESSES

FOR AGAINST ON

Name: Frank Battle	x
Representing: Tx. Assoc. of School Boards	
City: Austin	
-----	
Name: Harold Scherz	x
Representing: Am. Assoc. of Retired Persons	
City: Austin	
-----	
Name: William Allaway	x
Representing: Tx. Assoc. of Taxpayers	
City: Austin	
-----	

**FAVORABLY AS SUBSTITUTED  
SENATE COMMITTEE REPORT ON**

SB SCR (SJR) SR HB HCR HJR 49  
By Montford  
(Author/Senate Sponsor)  
4-26-93  
(date)

We, your Committee on FINANCE, to which was referred the attached measure,  
have on 4-22-93, had the same under consideration and I am instructed to report it  
(date of hearing)  
back with the recommendation (s) that it:

- ☒ do pass as substituted, and be printed  
☒ the caption remained the same as original measure  
☐ the caption changed with adoption of the substitute  
☐ do pass as substituted, and be ordered not printed  
☐ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no  
A revised fiscal note was requested. ☒ yes ☐ no  
An actuarial analysis was requested. ☐ yes ☒ no  
Considered by subcommittee. ☐ yes ☒ no

The measure was reported from Committee by the following vote:

	YEA	NAY	ABSENT	PNV
Montford, Chair	✓			
Turner, Vice-Chair	✓			
Armbrister	✓			
Barrientos				✓
Bivins			✓	
Ellis	✓			
Haley			✓	
Moncrief	✓			
Parker	✓			
Ratliff			✓	
Sims	✓			
Truan			✓	
Zaffirini	✓			
TOTAL VOTES	8	0	4	1

**COMMITTEE ACTION**

S269 Considered in public hearing  
S270 Testimony taken

Lisa Mager (asst.)  
COMMITTEE CLERK

Montford  
CHAIRMAN

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**73rd Regular Session**

April 21, 1993

TO: Honorable John Montford, Chair  
Committee on Finance  
Senate Chamber  
Austin, Texas

IN RE: Senate Joint Resolution No. 49  
By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 49 (proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax or increasing the rate of a personal income tax without a statewide referendum. The resolution would also dedicate net revenue from any personal income tax to public schools and property tax relief.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

Source: Comptroller of Public Accounts  
LBB Staff: JO, JWH, EC, RRS, LC

By: Montford, et al.

S.J.R. No. 49

Substitute the following for S.J.R. No. 49:

By: Montford

C.S.S.J.R. No. 49

SENATE JOINT RESOLUTION

proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article VIII, Section 1(c), of the Texas Constitution is amended to read as follows:

(c) The Legislature may provide for the taxation of intangible property and may also impose occupation taxes, both upon natural persons and upon corporations, other than municipal, doing any business in this State. Subject to the restrictions of Section 24 of this article, it [it] may also tax incomes of both natural persons and corporations other than municipal. Persons[7--except that-persons] engaged in mechanical and agricultural pursuits shall never be required to pay an occupation tax.

SECTION 2. Article VIII of the Texas Constitution is amended by adding Section 24 to read as follows:

Sec. 24. (a) A general law enacted by the legislature that imposes a tax on the net incomes of natural persons, including a person's share of partnership and unincorporated association income, must provide that:

(1) the portion of the law imposing the tax not take effect until approved by a majority of the registered voters voting in a statewide referendum held on the question of imposing the tax,

*Replaced by  
Conference Report*

4-26-93  
4-27-93



1 which referendum must specify the rate of the tax that will apply  
2 to taxable income as defined by law; and

3 (2) subject to legislative appropriation, allocation,  
4 and direction, all net revenues remaining after payment of all  
5 refunds allowed by law and expenses of collection from the tax  
6 shall be used only:

7 (A) for the support and maintenance of primary  
8 and secondary public schools; and

9 (B) to reduce ad valorem taxes levied and  
10 collected for primary and secondary education, and in subsequent  
11 years, to provide continued property tax relief.

12 (b) A general law enacted by the legislature that increases  
13 the rate of the tax may not take effect until approved by a  
14 majority of the registered voters voting in a statewide referendum  
15 held on the question of increasing the rate, which referendum must  
16 specify the increased rate.

17 (c) Except as provided by Subsection (b) of this section,  
18 the legislature may amend or repeal a tax approved by the voters  
19 under this section without submitting the amendment or the repeal  
20 to the voters as provided by Subsection (a) of this section.

21 (d) If the legislature repeals a tax approved by the voters  
22 under this section, the legislature may reenact the tax without  
23 submitting the reenactment to the voters as provided by Subsection  
24 (a) of this section only if the effective date of the reenactment  
25 of the tax is before the first anniversary of the effective date of

1 the repeal.

2 (e) The legislature may provide for the taxation of income  
3 in a manner which is consistent with federal law.

4 SECTION 3. This proposed constitutional amendment shall be  
5 submitted to the voters at an election to be held November 2, 1993.  
6 The ballot shall be printed to provide for voting for or against  
7 the proposition: "The constitutional amendment prohibiting a  
8 personal income tax without voter approval and dedicating the  
9 proceeds of the tax to education and property tax relief."

FLOOR AMENDMENT NO. 1 to C.S.S.J.R. No. 49

By Montford

Amend C.S.S.J.R. No. 49 as follows:

Amend Section 24(a)(2)(B) in SECTION 2 of CSSJR 49, on page 1,  
lines <sup>9</sup>55 and <sup>10</sup>56 of the committee printing, by deleting "levied and  
collected".

**ADOPTED**

APR 27 1993

*Gregory King*  
Secretary of the Senat

UN  
4/27/93

Floor Am. #1  
4-27-93

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AMEND THE CAPTION TO CONFORM  
TO THE BODY OF THE BILL

ADOPTED

APR 27 1993

*Butte King*  
Secretary of the Senate

1993 Engrossed  
Engrossing Clerk

I certify that the attached is a true and correct  
copy of SJR 49 which was  
received by the Secretary of the House on 4-27-93 and  
forwarded to the appropriate committee on Wayne Means

1993 APR 29 PM 1:00  
HOUSE OF REPRESENTATIVES

Chief Clerk of the House

By: Montford, et al.

S.J.R. No. 49

SENATE JOINT RESOLUTION

proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article VIII, Section 1(c), of the Texas Constitution is amended to read as follows:

(c) The Legislature may provide for the taxation of intangible property and may also impose occupation taxes, both upon natural persons and upon corporations, other than municipal, doing any business in this State. Subject to the restrictions of Section 24 of this article, it [It] may also tax incomes of both natural persons and corporations other than municipal. Persons[---except that-persons] engaged in mechanical and agricultural pursuits shall never be required to pay an occupation tax.

SECTION 2. Article VIII of the Texas Constitution is amended by adding Section 24 to read as follows:

Sec. 24. (a) A general law enacted by the legislature that imposes a tax on the net incomes of natural persons, including a person's share of partnership and unincorporated association income, must provide that:

(1) the portion of the law imposing the tax not take effect until approved by a majority of the registered voters voting in a statewide referendum held on the question of imposing the tax, which referendum must specify the rate of the tax that will apply

1 to taxable income as defined by law; and

2 (2) subject to legislative appropriation, allocation,  
3 and direction, all net revenues remaining after payment of all  
4 refunds allowed by law and expenses of collection from the tax  
5 shall be used only:

6 (A) for the support and maintenance of primary  
7 and secondary public schools; and

8 (B) to reduce ad valorem taxes for primary and  
9 secondary education, and in subsequent years, to provide continued  
10 property tax relief.

11 (b) A general law enacted by the legislature that increases  
12 the rate of the tax may not take effect until approved by a  
13 majority of the registered voters voting in a statewide referendum  
14 held on the question of increasing the rate, which referendum must  
15 specify the increased rate.

16 (c) Except as provided by Subsection (b) of this section,  
17 the legislature may amend or repeal a tax approved by the voters  
18 under this section without submitting the amendment or the repeal  
19 to the voters as provided by Subsection (a) of this section.

20 (d) If the legislature repeals a tax approved by the voters  
21 under this section, the legislature may reenact the tax without  
22 submitting the reenactment to the voters as provided by Subsection  
23 (a) of this section only if the effective date of the reenactment  
24 of the tax is before the first anniversary of the effective date of  
25 the repeal.

1        (e) The legislature may provide for the taxation of income  
2        in a manner which is consistent with federal law.

3        SECTION 3. This proposed constitutional amendment shall be  
4        submitted to the voters at an election to be held November 2, 1993.  
5        The ballot shall be printed to provide for voting for or against  
6        the proposition: "The constitutional amendment prohibiting a  
7        personal income tax without voter approval and dedicating the  
8        proceeds of the tax to education and property tax relief."

93MAY-7 11:12:17

**HOUSE**  
**COMMITTEE REPORT** HOUSE OF REPRESENTATIVES  
**1<sup>st</sup> Printing**

By Montford, et al.  
(Stiles)  
Substitute the following for S.J.R. No. 49:

S.J.R. No. 49

By Craddick

C.S.S.J.R. No. 49

A JOINT RESOLUTION

1 proposing a constitutional amendment prohibiting a personal income  
2 tax without voter approval.

3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Article VIII, Section 1(c), of the Texas  
5 Constitution is amended to read as follows:

6 (c) The Legislature may provide for the taxation of  
7 intangible property and may also impose occupation taxes, both upon  
8 natural persons and upon corporations, other than municipal, doing  
9 any business in this State. Subject to the restrictions of Section  
10 24 of this article, it [It] may also tax incomes of both natural  
11 persons and corporations other than municipal. Persons[7-except  
12 that-persons] engaged in mechanical and agricultural pursuits shall  
13 never be required to pay an occupation tax.

14 SECTION 2. Article VIII of the Texas Constitution is amended  
15 by adding Section 24 to read as follows:

16 Sec. 24. (a) A general law enacted by the legislature that  
17 imposes a tax on the net incomes of natural persons, including a  
18 person's share of partnership and unincorporated association  
19 income, must provide that the portion of the law imposing the tax  
20 not take effect until approved by a majority of the registered  
21 voters voting in a statewide referendum held on the question of  
22 imposing the tax. The referendum must specify the rate of the tax  
23 that will apply to taxable income; and the personal exemption and  
24 standard deductions as defined by law.



1       (b) A general law enacted by the legislature that either  
2 increases the rate of the tax, reduces the personal exemption, or  
3 reduces or eliminates a tax deduction or tax credit may not take  
4 effect until approved by a majority of the registered voters voting  
5 in a statewide referendum held on the question of increasing the  
6 tax rate, reducing the personal exemption, or reducing or  
7 eliminating a tax deduction or tax credit. The referendum must  
8 specify the increased tax rate, reduced personal exemption, or  
9 eliminated or reduced tax deduction or tax credit.

10       (c) Except as provided by Subsection (b) of this section,  
11 the legislature may amend or repeal a tax approved by the voters  
12 under this section without submitting the amendment or the repeal  
13 to the voters as provided by Subsection (a) of this section.

14       (d) If the legislature repeals a tax approved by the voters  
15 under this section, the legislature may reenact the tax without  
16 submitting the reenactment to the voters as provided by Subsection  
17 (a) of this section only if the effective date of the reenactment  
18 of the tax is before the first anniversary of the effective date of  
19 the repeal.

20       (e) The legislature may provide for the taxation of income  
21 in a manner which is consistent with federal law.

22       SECTION 3.     This proposed constitutional amendment shall be  
23 submitted to the voters at an election to be held November 2, 1993.  
24 The ballot shall be printed to provide for voting for or against  
25 the proposition: "The constitutional amendment prohibiting a  
26 personal income tax without voter approval."

COMMITTEE REPORT

The Honorable Pete Laney  
Speaker of the House of Representatives

5-5-93  
(date)

Sir:

We, your COMMITTEE ON WAYS AND MEANS  
to whom was referred SJR 49 have had the same under consideration and beg to report  
(measure)  
back with the recommendation that it  
( ) do pass, without amendment.  
( ) do pass, with amendment(s).  
(X) do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. (X) yes ( ) no      An author's fiscal statement was requested. ( ) yes (X) no

A criminal justice policy impact statement was requested. ( ) yes (X) no

An equalized educational funding impact statement was requested. ( ) yes (X) no

An actuarial impact statement was requested. ( ) yes (X) no

A water development policy impact statement was requested. ( ) yes (X) no

( ) The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

House Sponsor of Senate Measure Stiles

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Craddick, Ch.	X			
Alexander, V.C.	X			
Berlanga	X			
Haggerty	X			
Heflin	X			
Horn	X			
Moreno				X
Oliveira	X			
Uher				X
Williamson				X
Wolens				X

Total      7 aye  
              0 nay  
              0 present, not voting  
              4 absent

John Craddick  
CHAIRMAN

## BILL ANALYSIS

### BACKGROUND INFORMATION

Article VIII, Texas Constitution, establishes constitutional guidelines for taxation and revenue. Currently, the Texas Constitution does not prohibit the legislature from enacting a personal income tax.

Texas is one of seven states that does not impose a state personal income tax. The state relies instead on the sales tax and a variety of other fees and taxes to fund state government. Through performance audits and critical assessment of functions and priorities, the 73rd Texas Legislature has been able to produce a budget that does not increase taxes. Future legislatures may find it necessary to seek new methods of financing the state budget; of which could be a state personal income tax. Current Texas Law requires only a majority vote of both houses of the legislature to impose or repeal a tax.

### PURPOSE

This bill proposes a constitutional amendment which, if adopted, would prohibit the legislature from imposing a personal income tax or increasing the rate of a personal income tax, reducing the personal exemption, or reducing or eliminating a tax deduction or tax credit without a statewide referendum.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1(c), Article VIII, Texas Constitution, to make conforming changes.

SECTION 2. Amends Article VIII, Texas Constitution, by adding Section 24.

- (a) Requires a general law enacted by the legislature that imposes a tax on the net incomes of natural persons, including a person's share of partnership and unincorporated association income to provide that the portion of law imposing the tax not take effect until approved by a majority of the voters voting in a statewide referendum held on the subject of imposing the tax; the referendum is required to specify the rate of tax and the personal exemption and standard deductions as defined by law.
- (b) Prohibits a general law enacted by the legislature that either increases the rate of the tax, reduces the personal exemption, or reduces or eliminates a tax deduction or tax credit from taking effect until approved by a majority of the voters voting in a statewide referendum held on the subject of increasing the tax rate, reducing the personal exemption, or reducing or eliminating a tax deduction or tax deduction with the referendum specifying this.
- (c) Authorizes the legislature to amend or repeal a tax approved by the voters under this section without submitting the amendment or the repeal to the voters as provided by Subsection (a), with an exception to that which is provided in Subsection (b).

- (d) Authorizes the legislature, if it repeals a tax approved by the voters under this section, to reenact the tax without submitting the reenactment to the voters if the effective date of the reenactment of the tax is before the first anniversary of the effective date of the repeal.
- (e) Authorizes the legislature to provide for the taxation of income in a manner which is consistent with federal law.

SECTION 3. Requires this constitutional amendment to be submitted to the voters at an election to be held on November 2, 1993, and provides for the language on the ballot to read as follows: "The constitutional amendment prohibiting a personal income tax without voter approval."

#### COMPARISON OF ORIGINAL BILL TO SUBSTITUTE

S.J.R. 49 required the referendum to only specify the rate of tax. C.S.S.J.R. 49 required the rate of tax to be specified as well as the personal exemption and standard deductions allowed by law.

S.J.R. 49 stated that the legislature may not increase the rate of the tax without majority approval of the voters in a statewide referendum specifying this. C.S.S.J.R. 49 provides that the legislature may not reduce the personal exemption, or reduce or eliminate a tax deduction or tax credit as well as increase the rate of tax without majority approval of the voters in a statewide referendum specifying this.

S.J.R. 49 stated that all net revenues received from such a tax are to be used for the support and maintenance of primary and secondary schools and to reduce ad valorem taxes levied and collected for primary and secondary education, and in subsequent years to provide continued property tax relief. C.S.S.J.R. 49 does not.

S.J.R. 49 provided for the referendum ballot to read as follows: "The constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief." C.S.S.J.R. 49 provides for the referendum ballot to read as follows: "The constitutional amendment prohibiting a personal income tax without voter approval."

#### RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not delegate any additional rulemaking authority to any state officer, agency, department, or institution.

#### SUMMARY OF COMMITTEE ACTION

Public notice was posted in accordance to the rules and a public hearing was held on May 5, 1993. The House sponsor, Representative Stiles, explained the bill. The Chair laid out a committee substitute to S.J.R. 49 by Representative Craddick. No public testimony was received on, for, or against the bill. Larry S. Milner submitted written testimony in favor of the bill. Sue Thornton and Evelyn P. Bonavita submitted written testimony against the bill. Without objection, the committee adopted C.S.S.J.R. 49. By a record vote of 7 ayes, 0 nays, 0 present not voting, and 4 absent, the committee voted to report S.J.R. 49 to the House as substituted with the recommendation that it do pass.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**73rd Regular Session**

May 6, 1993

TO: Honorable Tom Craddick, Chair  
Committee on Ways and Means  
House of Representatives  
Austin, Texas

IN RE: House Committee  
Substitute for Senate Joint  
Resolution No. 49

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Committee Substitute for Senate Joint Resolution No. 49 (proposing a constitutional amendment prohibiting a personal income tax without voter approval) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax, increasing the rate of a personal income tax, or reducing the personal exemption, a deduction or a credit of a personal income tax without a statewide referendum.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

Source: LBB Staff: JO, JWH, DF, RRS, JOL

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**73rd Regular Session**

April 30, 1993

TO: Honorable Tom Craddick, Chair  
Committee on Ways and Means  
House of Representatives  
Austin, Texas

IN RE: Senate Joint Resolution  
No. 49, as engrossed  
By: Montford, et al.

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 49, as engrossed (proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax or increasing the rate of a personal income tax without a statewide referendum. The resolution would also dedicate net revenue from any personal income tax to public schools and property tax relief.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

Source: Comptroller of Public Accounts  
LBB Staff: JO, JWH, EC, RRS, OC

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**73rd Regular Session**

April 23, 1993

TO: Honorable John Montford, Chair  
Committee on Finance  
Senate Chamber  
Austin, Texas

IN RE: Committee Substitute for  
Senate Joint Resolution  
No. 49

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Committee Substitute for Senate Joint Resolution No. 49 (proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax or increasing the rate of a personal income tax without a statewide referendum. The resolution would also dedicate net revenue from any personal income tax to public schools and property tax relief.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

Source: Comptroller of Public Accounts;  
LBB Staff: JO, JWH, EC, RRS, JOL

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**73rd Regular Session**

April 21, 1993

TO: Honorable John Montford, Chair  
Committee on Finance  
Senate Chamber  
Austin, Texas

IN RE: Senate Joint Resolution No. 49  
By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 49 (proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax or increasing the rate of a personal income tax without a statewide referendum. The resolution would also dedicate net revenue from any personal income tax to public schools and property tax relief.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

Source: Comptroller of Public Accounts  
LBB Staff: JO, JWH, EC, RRS, LC



**ADOPTED**

*as amended*

MAY 21 1993

*Burt Messing*  
Chief Clerk  
House of Representatives

AMENDMENT NO.

1

BY

*Stiles*

Amend C.S.S.J.R. No. 49 as follows:

(1) In Section 2 of the resolution, in added Section 24, Article VIII (committee printing page 2, between lines 19 and 20), insert a new Subsection (e) to read as follows:

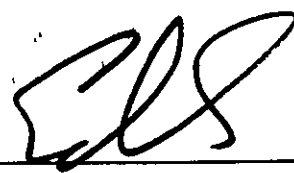
(e) In the first year in which a tax described by Subsection (a) is imposed and during the first year of any rate increase of the tax, not less than one-half of all net revenues remaining after payment of all refunds allowed by law and expenses of collection from the tax shall be used to reduce the rate of ad valorem taxes levied for the support of primary and secondary education. In subsequent years, not less than one-half of all net revenues shall be used to continue property tax relief. The remaining net revenues may be used for any other public purpose. The legislature by general law may prescribe the manner in which ad valorem tax rates are to be reduced, provided that the general law must limit the authority of a political subdivision receiving revenue derived from the tax to levy ad valorem taxes.

(2) In Section 2 of the resolution, in added Section 24, Article VIII (committee printing page 2, line 20), strike "(e)" and substitute "(f)".

AMENDMENT NO.

2

BY



Amend Amendment No. \_\_\_\_\_ to C.S.S.J.R. No. 49, after the last sentence of new Subsection (e), Section 24 (page 1, line 12), by inserting the following:

"Notwithstanding any other provision of this section, the maximum rate at which a school district may impose ad valorem taxes is reduced by an amount equal to one cent per \$100 valuation for each one cent per \$100 valuation that the school district's ad valorem tax is reduced by the use of money from the tax described by Subsection (a)."

**ADOPTED**

MAY 21 1993

  
Chief Clerk  
House of Representatives

35

**ADOPTED**

MAY 21 1993

*Betty Murray*  
Chief Clerk  
House of Representatives

AMENDMENT NO. 3

BY *Stiles*

Amend C.S.S.J.R. No. 49 as follows:

(1) In Section 2 of the resolution, in added Section 24, Article VIII (Committee printing, page 1, lines 23 and 24), strike the last sentence of Subsection (a) and substitute "The referendum must specify the rate of the tax that will apply to taxable income as defined by law.".

(2) In Section 2 of the resolution, in added Section 24, Article VIII (Committee printing, page 2, lines 1-9), strike added Subsection (b) and substitute the following:

(b) A general law enacted by the legislature that increases the rate of the tax or changes the tax in a manner that results in an increase in the combined tax liability of all persons subject to the tax may not take effect until approved by a majority of the registered voters voting in a statewide referendum held on the question of increasing the income tax. A determination of whether a bill proposing a change in the tax would increase the combined tax liability of all persons subject to the tax must be made by comparing the provisions of the proposed change in law with the provisions of the law for the most recent year in which actual tax collections have been made. A referendum held under this subsection must specify the manner in which the proposed law would increase the combined tax liability of all persons subject to the tax.

SJR 49

**ADOPTED**

MAY 21 1993

*Betty M. Moseley*  
Chief Clerk  
House of Representatives

AMENDMENT NO. 4

BY HOLZHAUSEN

1 Amend C.S.S.J.R. 49 by striking Section 3 of the resolution  
2 and substituting the following:

3 SECTION 3. Article VII of the Texas Constitution is amended  
4 by adding Section 3a to read as follows:

5 Sec. 3a. (a) A school district may not levy ad valorem  
6 property taxes at an aggregate rate that exceeds the greater of 50  
7 cents on the \$100 valuation or the maximum tax rate approved by the  
8 voters as provided by Subsection (b) of this section.

9 (b) A majority of the registered voters of a school district  
10 voting at an election called and held for the purpose of  
11 establishing a maximum school district ad valorem tax rate in  
12 excess of 50 cents on the \$100 valuation may approve a maximum tax  
13 rate that may be levied under Subsection (a) of this section. An  
14 ad valorem tax rate election held by a school district before the  
15 date that Subsection (a) becomes applicable to ad valorem taxes  
16 under Subsection (d) of this section, other than an election for  
17 the authorization of school district bonds, does not qualify for  
18 approving a maximum tax rate for the purposes of Subsection (a) of  
19 this section.

20 (c) The portion of the total tax rate required to collect  
21 the taxes pledged and levied for the payment of principal and  
22 interest on debt authorized to be issued by an election held on or  
23 before the date on which this section takes effect and issued  
24 before the first anniversary of the date on which this section

1 takes effect is not subject to the tax limitation or rate increase  
2 requirements prescribed by Subsections (a) and (b) of this section.

3 (d) Subsections (a)-(c) of this section apply to ad valorem  
4 property taxes levied by a school district on or after the first  
5 January 1 after the date on which a tax on the net incomes of  
6 natural persons, including a person's share of partnership and  
7 unincorporated association income, begins to apply to that income,  
8 except that if the income tax begins to apply on a January 1,  
9 Subsections (a)-(c) of this section apply to ad valorem taxes  
10 levied on or after that date.

11 (e) A provision of this section prevails over a conflicting  
12 provision of Section 3 or 3-b of this article or Article VIII,  
13 Section 24, of this constitution to the extent of the conflict.

14 SECTION 4. This proposed constitutional amendment shall be  
15 submitted to the voters at an election to be held November 2, 1993.  
16 The ballot shall be printed to provide for voting for or against  
17 the proposition: "The constitutional amendment prohibiting a  
18 personal income tax without voter approval, and if an income tax is  
19 enacted, limiting the rate of local school taxes."

**ADOPTED**

*as amended*

MAY 21 1993

*Betty Murray*  
Chief Clerk  
House of Representatives

By Montford, et al.

S.J.R. No. 49

Substitute the following for S.J.R. No. 49:

By *Cordell*

C.S.S.J.R. No. 49

SENATE JOINT RESOLUTION

1 proposing a constitutional amendment prohibiting a personal  
2 income tax without voter approval.

3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. . . Article VIII, Section 1(c), of the Texas  
5 Constitution is amended to read as follows:

6 (c) The Legislature may provide for the taxation of  
7 intangible property and may also impose occupation taxes,  
8 both upon natural persons and upon corporations, other than  
9 municipal, doing any business in this State. Subject to  
10 the restrictions of Section 24 of this article, it [It] may  
11 also tax incomes of both natural persons and corporations  
12 other than municipal. Persons[, except that persons] engaged  
13 in mechanical and agricultural pursuits shall never be  
14 required to pay an occupation tax.

15 SECTION 2. Article VIII of the Texas Constitution is  
16 amended by adding Section 24 to read as follows:

17 Sec. 24. (a) A general law enacted by the legislature  
18 that imposes a tax on the net incomes of natural persons,  
19 including a person's share of partnership and unincorporated  
20 association income, must provide that the portion of the law  
21 imposing the tax not take effect until approved by a  
22 majority of the registered voters voting in a statewide  
23 referendum held on the question of imposing the tax. The  
24 referendum must specify the rate of the tax that will apply  
25 to taxable income; and the personal exemption and standard

1 deductions as defined by law.

2 (b) A general law enacted by the legislature that  
3 either increases the rate of the tax, reduces the personal  
4 exemption, or reduces or eliminates a tax deduction or tax  
5 credit may not take effect until approved by a majority of  
6 the registered voters voting in a statewide referendum held  
7 on the question of increasing the tax rate, reducing the  
8 personal exemption, or reducing or eliminating a tax  
9 deduction or tax credit. The referendum must specify the  
10 increased tax rate, reduced personal exemption, or eliminated  
11 or reduced tax deduction or tax credit.

12 (c) Except as provided by Subsection (b) of this  
13 section, the legislature may amend or repeal a tax approved  
14 by the voters under this section without submitting the  
15 amendment or the repeal to the voters as provided by  
16 Subsection (a) of this section.

17 (d) If the legislature repeals a tax approved by the  
18 voters under this section, the legislature may reenact the  
19 tax without submitting the reenactment to the voters as  
20 provided by Subsection (a) of this section only if the  
21 effective date of the reenactment of the tax is before the  
22 first anniversary of the effective date of the repeal.

23 (e) The legislature may provide for the taxation of  
24 income in a manner which is consistent with federal law.

25 SECTION 3. This proposed constitutional amendment shall  
26 be submitted to the voters at an election to be held  
27 November 2, 1993. The ballot shall be printed to provide  
28 for voting for or against the proposition: "The  
29 constitutional amendment prohibiting a personal income tax  
30 without voter approval."

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

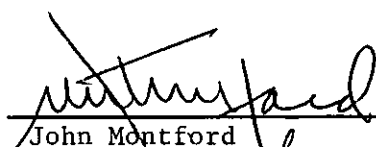
MAY 27, 1993  
Date

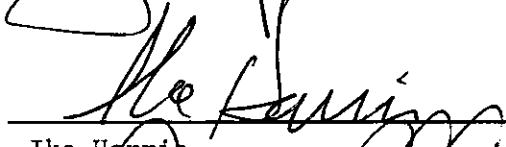
Honorable Bob Bullock  
President of the Senate

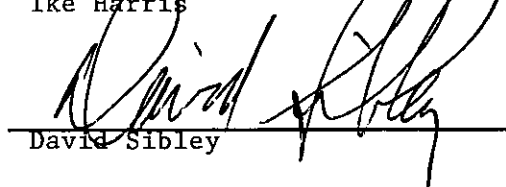
Honorable Pete Laney  
Speaker of the House of Representatives


Sirs:


We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on S.J.R. 49 have met and had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

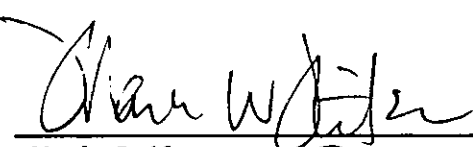
  
John Montford

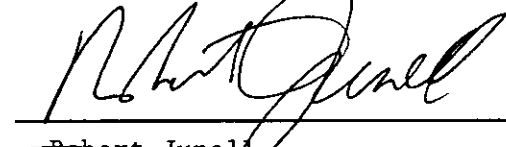
  
Ike Harris

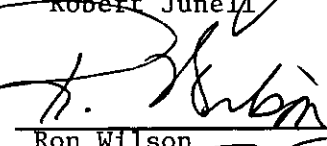
  
David Sibley

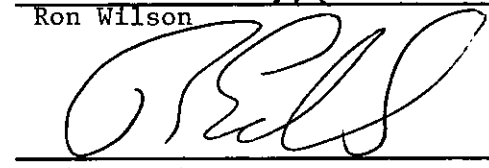
  
Bill Haley

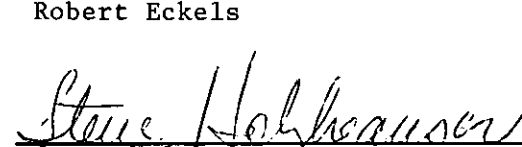
  
Ken Ambrister  
On the part of the Senate

  
Mark Stiles

  
Robert Junell

  
Ron Wilson

  
Robert Eckels

  
Steve Holzhausen  
On the part of the House

ADOPTED  
MAY 27 1993  
28 days, 1 day, 1 present, not voting

## Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

Read this



mbc  
Pee

**CONFERENCE COMMITTEE REPORT**

By Montford, et al.

S.J.R. No. 49

SENATE

**JOINT RESOLUTION**

proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax, if enacted, to education and property tax relief.

**BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:**

**SECTION 1.** Article VIII, Section 1(c), of the Texas Constitution is amended to read as follows:

(c) The Legislature may provide for the taxation of intangible property and may also impose occupation taxes, both upon natural persons and upon corporations, other than municipal, doing any business in this State. Subject to the restrictions of Section 24 of this article, it [It] may also tax incomes of both natural persons and corporations other than municipal. Persons [~~except that persons~~] engaged in mechanical and agricultural pursuits shall never be required to pay an occupation tax.

**SECTION 2.** Article VIII of the Texas Constitution is amended by adding Section 24 to read as follows:

Sec. 24. (a) A general law enacted by the legislature that imposes a tax on the net incomes of natural persons, including a person's share of partnership and unincorporated association income, must provide that the portion of the law imposing the tax not take effect until approved by a majority of the registered voters voting in a statewide referendum held on the question of imposing the tax. The referendum must specify the rate of the tax that will apply to taxable income as defined by law. ||

(b) A general law enacted by the legislature that increases the rate of the tax.

1 or changes the tax, in a manner that results in an increase in the combined income  
2 tax liability of all persons subject to the tax may not take effect until approved by a  
3 majority of the registered voters voting in a statewide referendum held on the  
4 question of increasing the income tax. A determination of whether a bill proposing  
5 a change in the tax would increase the combined income tax liability of all persons  
6 subject to the tax must be made by comparing the provisions of the proposed  
7 change in law with the provisions of the law for the most recent year in which  
8 actual tax collections have been made. A referendum held under this subsection  
9 must specify the manner in which the proposed law would increase the combined  
10 income tax liability of all persons subject to the tax.

11 (c) Except as provided by Subsection (b) of this section, the legislature may  
12 amend or repeal a tax approved by the voters under this section without submitting  
13 the amendment or the repeal to the voters as provided by Subsection (a) of this  
14 section.

15 (d) If the legislature repeals a tax approved by the voters under this section,  
16 the legislature may reenact the tax without submitting the reenactment to the voters  
17 as provided by Subsection (a) of this section only if the effective date of the  
18 reenactment of the tax is before the first anniversary of the effective date of the  
19 repeal.

20 (e) The legislature may provide for the taxation of income<sup>21</sup> in a manner  
21 which is consistent with federal law.  
22 <sup>13</sup>

22 (f) In the first year in which a tax described by Subsection (a) is imposed  
23 and during the first year of any increase in the tax that is subject to Subsection (b)  
24 of this section, not less than two-thirds of all net revenues remaining after payment  
25 of all refunds allowed by law and expenses of collection from the tax shall be used  
26 to reduce the rate of ad valorem maintenance and operation taxes levied for the  
27 support of primary and secondary public education. In subsequent years, not less  
28 than two-thirds of all net revenues from the tax shall be used to continue such ad

1 valorem tax relief.

2 (g) The net revenues remaining after the dedication of money from the tax  
3 under Subsection (f) <sup>of this section</sup> shall be used for support of education, subject to legislative  
4 appropriation, allocation and direction.

5 (h) The maximum rate at which a school district may impose ad valorem  
6 maintenance and operation taxes is reduced by an amount equal to one cent per  
7 \$100 valuation for each one cent per \$100 valuation that the school district's ad  
8 valorem maintenance and operation tax is reduced by the minimum amount of  
9 money dedicated under Subsection (f) of this section, provided that a school district  
10 may subsequently increase the maximum ad valorem maintenance and operation tax  
11 rate if the increased maximum rate is approved by a majority of the voters of the  
12 school district voting at an election called and held for that purpose. The legislature  
13 by general law shall provide for the tax relief that is required by Subsection (f) and  
14 this subsection.

15 (i) Subsections (f) and (h) of this section apply to ad valorem maintenance  
16 and operation taxes levied by a school district on or after the first January 1 after the  
17 date on which a tax on the net incomes of natural persons, including a person's  
18 share of partnership and unincorporated association income, begins to apply to that  
19 income, except that if the income tax begins to apply on a January 1, Subsections  
20 (f) and (h) of this section apply to ad valorem maintenance and operation taxes  
21 levied on or after that date.

22 (i) A provision of this section prevails over a conflicting provision of  
23 Section 3 of <sup>the Constitution</sup> Article VII to the extent of the conflict.

24 SECTION 3. This proposed constitutional amendment shall be submitted to the  
25 voters at an election to be held November 2, 1993. The ballot shall be printed to  
26 provide for voting for or against the proposition: "The constitutional amendment  
27 prohibiting a personal income tax without voter approval, and if an income tax is  
28 enacted, dedicating the revenue to education and limiting the rate of local school taxes."

[illegible]

SIDE BY SIDE ANALYSIS S.J.R. 49		
SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
(c) Allows the Legislature to repeal or amend, except for the tax rate, an income tax approved by the voters, without submission to the voters.	(c) Same.	(c) Senate.
(d) Allows the Legislature, after repealing an income tax, to reenact the tax without submission to the voters if the effective date of the reenactment of the tax is before the first anniversary of the effective date of the repeal.	(d) Same.	(d) Senate.

SIDE BY SIDE ANALYSIS S.J.R. 49		
SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
(e) Allows the Legislature to provide for the taxation of income in a manner which is consistent with federal law.	Same, found in SECTION 2(f) of the House version.	<p>(e) Senate.</p> <p>(f) Similar to the House. In the first year, provides that not less than two thirds of net revenue can be used to reduce the rate of ad valorem M&amp;O taxes levied for the support of education. Continued in subsequent years.</p> <p>(g) Amends language in House version 2(e) to provide that remaining net revenues be used for the support of education subject to legislative appropriation.</p> <p>(h) Same as portion of House version 2(e), which sets a maximum rate at which a school district may impose ad valorem taxes and combined with part of House version 3(b), which allows a school district to exceed the maximum levy if ratified by voters in the district.</p> <p>(i) Same as 3(d) of House version.</p> <p>(j) Same as 3(e) of House version.</p>
<p>SECTION 3. Requires that this proposed constitutional amendment be submitted to the voters at an election to be held November 2, 1993.</p> <p>Provides the ballot language.</p>	Similar, found in SECTION 4 of the House version.	Combination of House and Senate for ballot language: "The constitutional amendment prohibiting a personal income tax without voter approval, and if an income tax is enacted, dedicating the revenue to education and limiting the rate of local school taxes."

**SIDE BY SIDE ANALYSIS  
S.J.R. 49**

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
<p>No comparable provisions.</p>	<p>New SECTION 3 of House version.</p> <p>(a) Prohibits a school district from levying ad valorem taxes at an aggregate rate that exceeds the greater of 50 cents/\$100 valuation or the rate in subsection (b).</p> <p>(b) Allows a school district to levy a maximum school district ad valorem tax rate adopted by the majority of the voters in a school district.</p> <p>(c) Provides that the portion of the total tax rate required to collect the taxes pledged and levied for the payment of principal and interest on debt authorized to be issued by an election held on or before the date on which this section takes effect and issued before the first anniversary of the date on which this section takes effect is not subject to the provisions of subsections (a) and (b).</p> <p>(d) Provides that subsections (a)-(c) apply to ad valorem taxes levied by a school district on or after the first January 1 after the income tax applies to incomes, except that if the tax begins to apply on a January 1, subsections (a)-(c) of this section apply to ad valorem taxes levied on or after that date.</p> <p>(e) Provides that this section prevails over certain conflicting provisions.</p>	<p>SECTION 3 has generally been incorporated in SECTION 2 of the conference committee report. The portions that remain in the conference committee report are noted above.</p>

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**73rd Regular Session**

May 27, 1993

TO: Honorable Bob Bullock  
Lieutenant Governor  
Senate Chamber  
Austin, Texas

Honorable Pete Laney  
Speaker of the House  
House of Representatives  
Austin, Texas

IN RE: Conference Committee Report for  
Senate Joint Resolution No. 49

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on the Conference Committee Report on Senate Joint Resolution No. 49 (proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax, if enacted, to education and property tax relief,) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax or increasing the rate of a personal income tax without a statewide referendum. The resolution would also dedicate two-thirds of net revenue from any personal income tax to school district property tax relief and the remainder for support of education. In the event that an income tax is adopted, the rate of maintenance and operations tax for school districts would be reduced to reflect the amount of income tax dedicated to the property tax relief. Subsequent increases in school maintenance and operation tax rates would require voter approval.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

Source: Comptroller of Public Accounts  
LBB Staff: JO, JWH, EC, RRS, OC



# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

**ADOPTED**

Date

Honorable Bob Bullock  
President of the Senate

MAY 28 1993

Honorable Pete Laney  
Speaker of the House of Representatives

Chief Clerk

Representatives

~~FILE~~  
by record vote  
of 129 yeas to nays  
1 p.m.

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on \_\_\_\_\_ have met and had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

On the part of the Senate

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

## CONFERENCE COMMITTEE REPORT

S.J.R. No. 49

### A JOINT RESOLUTION

proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax, if enacted, to education and property tax relief.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article VIII, Section 1(c), of the Texas Constitution is amended to read as follows:

(c) The Legislature may provide for the taxation of intangible property and may also impose occupation taxes, both upon natural persons and upon corporations, other than municipal, doing any business in this State. Subject to the restrictions of Section 24 of this article, it [It] may also tax incomes of both natural persons and corporations other than municipal. Persons[except that persons] engaged in mechanical and agricultural pursuits shall never be required to pay an occupation tax.

SECTION 2. Article VIII of the Texas Constitution is amended by adding Section 24 to read as follows:

Sec. 24. (a) A general law enacted by the legislature that imposes a tax on the net incomes of natural persons, including a person's share of partnership and unincorporated association income, must provide that the portion of the law imposing the tax not take effect until approved by a majority of the registered voters voting in a statewide referendum held on the question of imposing the tax. The referendum must specify the rate of the tax that will apply to taxable income as defined by law.

(b) A general law enacted by the legislature that increases the rate of the tax.

1 or changes the tax, in a manner that results in an increase in the combined income  
2 tax liability of all persons subject to the tax may not take effect until approved by a  
3 majority of the registered voters voting in a statewide referendum held on the  
4 question of increasing the income tax. A determination of whether a bill proposing  
5 a change in the tax would increase the combined income tax liability of all persons  
6 subject to the tax must be made by comparing the provisions of the proposed  
7 change in law with the provisions of the law for the most recent year in which  
8 actual tax collections have been made. A referendum held under this subsection  
9 must specify the manner in which the proposed law would increase the combined  
10 income tax liability of all persons subject to the tax.

11 (c) Except as provided by Subsection (b) of this section, the legislature may  
12 amend or repeal a tax approved by the voters under this section without submitting  
13 the amendment or the repeal to the voters as provided by Subsection (a) of this  
14 section.

15 (d) If the legislature repeals a tax approved by the voters under this section,  
16 the legislature may reenact the tax without submitting the reenactment to the voters  
17 as provided by Subsection (a) of this section only if the effective date of the  
18 reenactment of the tax is before the first anniversary of the effective date of the  
19 repeal.

20 (e) The legislature may provide for the taxation of income in a manner  
21 which is consistent with federal law.

22 (f) In the first year in which a tax described by Subsection (a) is imposed  
23 and during the first year of any increase in the tax that is subject to Subsection (b)  
24 of this section, not less than two-thirds of all net revenues remaining after payment  
25 of all refunds allowed by law and expenses of collection from the tax shall be used  
26 to reduce the rate of ad valorem maintenance and operation taxes levied for the  
27 support of primary and secondary public education. In subsequent years, not less  
28 than two-thirds of all net revenues from the tax shall be used to continue such ad

1 valorem tax relief.

2 (g) The net revenues remaining after the dedication of money from the tax  
3 under Subsection (f) shall be used for support of education, subject to legislative  
4 appropriation, allocation and direction.

5 (h) The maximum rate at which a school district may impose ad valorem  
6 maintenance and operation taxes is reduced by an amount equal to one cent per  
7 \$100 valuation for each one cent per \$100 valuation that the school district's ad  
8 valorem maintenance and operation tax is reduced by the minimum amount of  
9 money dedicated under Subsection (f) of this section, provided that a school district  
10 may subsequently increase the maximum ad valorem maintenance and operation tax  
11 rate if the increased maximum rate is approved by a majority of the voters of the  
12 school district voting at an election called and held for that purpose. The legislature  
13 by general law shall provide for the tax relief that is required by Subsection (f) and  
14 this subsection.

15 (i) Subsections (f) and (h) of this section apply to ad valorem maintenance  
16 and operation taxes levied by a school district on or after the first January 1 after the  
17 date on which a tax on the net incomes of natural persons, including a person's  
18 share of partnership and unincorporated association income, begins to apply to that  
19 income, except that if the income tax begins to apply on a January 1. Subsections  
20 (f) and (h) of this section apply to ad valorem maintenance and operation taxes  
21 levied on or after that date.

22 (j) A provision of this section prevails over a conflicting provision of  
23 Section 3 of Article VII to the extent of the conflict.

24 SECTION 3. This proposed constitutional amendment shall be submitted to the  
25 voters at an election to be held November 2, 1993. The ballot shall be printed to  
26 provide for voting for or against the proposition: "The constitutional amendment  
27 prohibiting a personal income tax without voter approval, and if an income tax is  
28 enacted, dedicating the revenue to education and limiting the rate of local school taxes."

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

MAY 27, 1977

Date

Honorable Bob Bullock  
President of the Senate

Honorable Pete Laney  
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on S.J.R. 49 have met and had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

John Montford

Mark Stiles

Tom Harris

Robert Junell

David Wiley

Tom Wilson

Bill Haley

Robert Eckels

On the part of the Senate

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

# CONFERENCE COMMITTEE REPORT

3<sup>rd</sup> Printing

S.J.R. No. 49

## A JOINT RESOLUTION

proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax, if enacted, to education and property tax relief.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article VIII, Section 1(c), of the Texas Constitution is amended to read as follows:

(c) The Legislature may provide for the taxation of intangible property and may also impose occupation taxes, both upon natural persons and upon corporations, other than municipal, doing any business in this State. Subject to the restrictions of Section 24 of this article, it [It] may also tax incomes of both natural persons and corporations other than municipal. Persons[, except that persons] engaged in mechanical and agricultural pursuits shall never be required to pay an occupation tax.

SECTION 2. Article VIII of the Texas Constitution is amended by adding Section 24 to read as follows:

Sec. 24. (a) A general law enacted by the legislature that imposes a tax on the net incomes of natural persons, including a person's share of partnership and unincorporated association income, must provide that the portion of the law imposing the tax not take effect until approved by a majority of the registered voters voting in a statewide referendum held on the question of imposing the tax. The referendum must specify the rate of the tax that will apply to taxable income as defined by law.

(b) A general law enacted by the legislature that increases the rate of the tax,

1 or changes the tax, in a manner that results in an increase in the combined income  
2 tax liability of all persons subject to the tax may not take effect until approved by a  
3 majority of the registered voters voting in a statewide referendum held on the  
4 question of increasing the income tax. A determination of whether a bill proposing  
5 a change in the tax would increase the combined income tax liability of all persons  
6 subject to the tax must be made by comparing the provisions of the proposed  
7 change in law with the provisions of the law for the most recent year in which  
8 actual tax collections have been made. A referendum held under this subsection  
9 must specify the manner in which the proposed law would increase the combined  
10 income tax liability of all persons subject to the tax.

11 (c) Except as provided by Subsection (b) of this section, the legislature may  
12 amend or repeal a tax approved by the voters under this section without submitting  
13 the amendment or the repeal to the voters as provided by Subsection (a) of this  
14 section.

15 (d) If the legislature repeals a tax approved by the voters under this section,  
16 the legislature may reenact the tax without submitting the reenactment to the voters  
17 as provided by Subsection (a) of this section only if the effective date of the  
18 reenactment of the tax is before the first anniversary of the effective date of the  
19 repeal.

20 (e) The legislature may provide for the taxation of income in a manner  
21 which is consistent with federal law.

22 (f) In the first year in which a tax described by Subsection (a) is imposed  
23 and during the first year of any increase in the tax that is subject to Subsection (b)  
24 of this section, not less than two-thirds of all net revenues remaining after payment  
25 of all refunds allowed by law and expenses of collection from the tax shall be used  
26 to reduce the rate of ad valorem maintenance and operation taxes levied for the  
27 support of primary and secondary public education. In subsequent years, not less  
28 than two-thirds of all net revenues from the tax shall be used to continue such ad

1    valorem tax relief.

2           (g) The net revenues remaining after the dedication of money from the tax  
3    under Subsection (f) shall be used for support of education, subject to legislative  
4    appropriation, allocation and direction.

5           (h) The maximum rate at which a school district may impose ad valorem  
6    maintenance and operation taxes is reduced by an amount equal to one cent per  
7    \$100 valuation for each one cent per \$100 valuation that the school district's ad  
8    valorem maintenance and operation tax is reduced by the minimum amount of  
9    money dedicated under Subsection (f) of this section, provided that a school district  
10   may subsequently increase the maximum ad valorem maintenance and operation tax  
11   rate if the increased maximum rate is approved by a majority of the voters of the  
12   school district voting at an election called and held for that purpose. The legislature  
13   by general law shall provide for the tax relief that is required by Subsection (f) and  
14   this subsection.

15           (i) Subsections (f) and (h) of this section apply to ad valorem maintenance  
16   and operation taxes levied by a school district on or after the first January 1 after the  
17   date on which a tax on the net incomes of natural persons, including a person's  
18   share of partnership and unincorporated association income, begins to apply to that  
19   income, except that if the income tax begins to apply on a January 1. Subsections  
20   (f) and (h) of this section apply to ad valorem maintenance and operation taxes  
21   levied on or after that date.

22           (j) A provision of this section prevails over a conflicting provision of  
23   Section 3 of Article VII to the extent of the conflict.

24           SECTION 3. This proposed constitutional amendment shall be submitted to the  
25   voters at an election to be held November 2, 1993. The ballot shall be printed to  
26   provide for voting for or against the proposition: "The constitutional amendment  
27   prohibiting a personal income tax without voter approval, and if an income tax is  
28   enacted, dedicating the revenue to education and limiting the rate of local school taxes."



SIDE BY SIDE ANALYSIS S.J.R. 49		
SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
SECTION 1. Makes a conforming change.	SECTION 1. Same.	Senate.
<p>SECTION 2.</p> <p>(a) Requires that a tax imposed by the Legislature on the net incomes of natural persons, including a person's share of partnership and unincorporated association income (an income tax), shall not take effect until approved by a majority of the registered voters in a statewide referendum.</p> <p>Requires the referendum to specify the rate of the tax that will apply to taxable income as defined by law.</p> <p>Requires that all net revenue derived from the income tax be used for: (1) the support and maintenance of primary and secondary public schools, and (2) to reduce ad valorem taxes for primary and secondary education, and in subsequent years, to provide continued property tax relief.</p> <p>(b) Requires that an increase in the income tax rate, enacted by the Legislature, not take effect until approved by a majority of the registered voters in a statewide referendum.</p>	<p>SECTION 2.</p> <p>(a) Same, except does not include dedication of net revenue language, which is found in similar language in SECTION 2(e) of the House version. SECTION 2(e) of the House version dedicates not less than one-half of all net revenue in the first year of an income tax to reduce the rate of ad valorem taxes levied for the support of primary and secondary education, and in subsequent years not less than one-half of the net revenue is dedicated to continue property tax relief. SECTION 2(e) of the House version also sets a maximum rate at which a school district may impose ad valorem taxes.</p> <p>(b) Same, except adds a requirement that a law which changes the tax in a manner that results in an increase in the combined tax liability of all persons subject to the tax, not take effect until approved by the voters.</p>	<p>(a) House.</p> <p>(b) House.</p>

**SIDE BY SIDE ANALYSIS  
S.J.R. 49**

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
<p>(c) Allows the Legislature to repeal or amend, except for the tax rate, an income tax approved by the voters, without submission to the voters.</p> <p>(d) Allows the Legislature, after repealing an income tax, to reenact the tax without submission to the voters if the effective date of the reenactment of the tax is before the first anniversary of the effective date of the repeal.</p>	<p>(c) Same.</p> <p>(d) Same.</p>	<p>(c) Senate.</p> <p>(d) Senate.</p>

SIDE BY SIDE ANALYSIS S.J.R. 49		
SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
<p>(e) Allows the Legislature to provide for the taxation of income in a manner which is consistent with federal law.</p>	<p>Same, found in SECTION 2(f) of the House version.</p>	<p>(e) Senate.</p> <p>(f) Similar to the House. In the first year, provides that not less than two thirds of net revenue can be used to reduce the rate of ad valorem M&amp;O taxes levied for the support of education. Continued in subsequent years.</p> <p>(g) Amends language in House version 2(e) to provide that remaining net revenues be used for the support of education subject to legislative appropriation.</p> <p>(h) Same as portion of House version 2(e), which sets a maximum rate at which a school district may impose ad valorem taxes and combined with part of House version 3(b), which allows a school district to exceed the maximum levy if ratified by voters in the district.</p> <p>(i) Same as 3(d) of House version.</p> <p>(j) Same as 3(e) of House version.</p>
<p>SECTION 3. Requires that this proposed constitutional amendment be submitted to the voters at an election to be held November 2, 1993.</p> <p>Provides the ballot language.</p>	<p>Similar, found in SECTION 4 of the House version.</p>	<p>Combination of House and Senate for ballot language: "The constitutional amendment prohibiting a personal income tax without voter approval, and if an income tax is enacted, dedicating the revenue to education and limiting the rate of local school taxes."</p>

**SIDE BY SIDE ANALYSIS  
S.J.R. 49**

SENATE VERSION	HOUSE VERSION	CONFERENCE COMMITTEE
<p>No comparable provisions.</p>	<p>New SECTION 3 of House version.</p> <p>(a) Prohibits a school district from levying ad valorem taxes at an aggregate rate that exceeds the greater of 50 cents/\$100 valuation or the rate in subsection (b).</p> <p>(b) Allows a school district to levy a maximum school district ad valorem tax rate adopted by the majority of the voters in a school district.</p> <p>(c) Provides that the portion of the total tax rate required to collect the taxes pledged and levied for the payment of principal and interest on debt authorized to be issued by an election held on or before the date on which this section takes effect and issued before the first anniversary of the date on which this section takes effect is not subject to the provisions of subsections (a) and (b).</p> <p>(d) Provides that subsections (a)-(c) apply to ad valorem taxes levied by a school district on or after the first January 1 after the income tax applies to incomes, except that if the tax begins to apply on a January 1, subsections (a)-(c) of this section apply to ad valorem taxes levied on or after that date.</p> <p>(e) Provides that this section prevails over certain conflicting provisions.</p>	<p>SECTION 3 has generally been incorporated in SECTION 2 of the conference committee report. The portions that remain in the conference committee report are noted above.</p>

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**73rd Regular Session**

May 27, 1993

TO: Honorable Bob Bullock  
Lieutenant Governor  
Senate Chamber  
Austin, Texas

Honorable Pete Laney  
Speaker of the House  
House of Representatives  
Austin, Texas

IN RE: Conference Committee Report for  
Senate Joint Resolution No. 49

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on the Conference Committee Report on Senate Joint Resolution No. 49 (proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax, if enacted, to education and property tax relief) this office has determined the following:

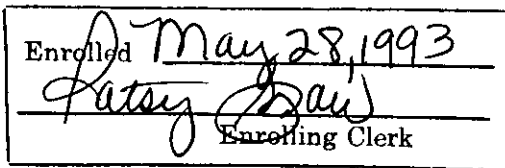
The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax or increasing the rate of a personal income tax without a statewide referendum. The resolution would also dedicate two-thirds of net revenue from any personal income tax to school district property tax relief and the remainder for support of education. In the event that an income tax is adopted, the rate of maintenance and operations tax for school districts would be reduced to reflect the amount of income tax dedicated to the property tax relief. Subsequent increases in school maintenance and operation tax rates would require voter approval.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

Source: Comptroller of Public Accounts  
LBB Staff: JO, JWH, EC, RRS, OC



S.J.R. No. 49

SENATE JOINT RESOLUTION

1 proposing a constitutional amendment prohibiting a personal income  
2 tax without voter approval and dedicating the proceeds of the tax,  
3 if enacted, to education and property tax relief.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Article VIII, Section 1(c), of the Texas  
6 Constitution, is amended to read as follows:

7 (c) The Legislature may provide for the taxation of  
8 intangible property and may also impose occupation taxes, both upon  
9 natural persons and upon corporations, other than municipal, doing  
10 any business in this State. Subject to the restrictions of Section  
11 24 of this article, it [it] may also tax incomes of both natural  
12 persons and corporations other than municipal. Persons[7--except  
13 that-persons] engaged in mechanical and agricultural pursuits shall  
14 never be required to pay an occupation tax.

15 SECTION 2. Article VIII of the Texas Constitution is amended  
16 by adding Section 24 to read as follows:

17 Sec. 24. (a) A general law enacted by the legislature that  
18 imposes a tax on the net incomes of natural persons, including a  
19 person's share of partnership and unincorporated association  
20 income, must provide that the portion of the law imposing the tax  
21 not take effect until approved by a majority of the registered  
22 voters voting in a statewide referendum held on the question of  
23 imposing the tax. The referendum must specify the rate of the tax  
24 that will apply to taxable income as defined by law.

(b) A general law enacted by the legislature that increases the rate of the tax, or changes the tax, in a manner that results in an increase in the combined income tax liability of all persons subject to the tax may not take effect until approved by a majority of the registered voters voting in a statewide referendum held on the question of increasing the income tax. A determination of whether a bill proposing a change in the tax would increase the combined income tax liability of all persons subject to the tax must be made by comparing the provisions of the proposed change in law with the provisions of the law for the most recent year in which actual tax collections have been made. A referendum held under this subsection must specify the manner in which the proposed law would increase the combined income tax liability of all persons subject to the tax.

(c) Except as provided by Subsection (b) of this section, the legislature may amend or repeal a tax approved by the voters under this section without submitting the amendment or the repeal to the voters as provided by Subsection (a) of this section.

(d) If the legislature repeals a tax approved by the voters under this section, the legislature may reenact the tax without submitting the reenactment to the voters as provided by Subsection (a) of this section only if the effective date of the reenactment of the tax is before the first anniversary of the effective date of the repeal.

(e) The legislature may provide for the taxation of income

V/Kee  
Byee

S.J.R. No. 49

1 in a manner which is consistent with federal law.

2 (f) In the first year in which a tax described by Subsection  
3 (a) is imposed and during the first year of any increase in the tax  
4 that is subject to Subsection (b) of this section, not less than  
5 two-thirds of all net revenues remaining after payment of all  
6 refunds allowed by law and expenses of collection from the tax  
7 shall be used to reduce the rate of ad valorem maintenance and  
8 operation taxes levied for the support of primary and secondary  
9 public education. In subsequent years, not less than two-thirds of  
10 all net revenues from the tax shall be used to continue such ad  
11 valorem tax relief.

12 (g) The net revenues remaining after the dedication of money  
13 from the tax under Subsection (f) of this section shall be used for  
14 support of education, subject to legislative appropriation,  
15 allocation, and direction.

16 (h) The maximum rate at which a school district may impose  
17 ad valorem maintenance and operation taxes is reduced by an amount  
18 equal to one cent per \$100 valuation for each one cent per \$100  
19 valuation that the school district's ad valorem maintenance and  
20 operation tax is reduced by the minimum amount of money dedicated  
21 under Subsection (f) of this section, provided that a school  
22 district may subsequently increase the maximum ad valorem  
23 maintenance and operation tax rate if the increased maximum rate is  
24 approved by a majority of the voters of the school district voting  
25 at an election called and held for that purpose. The legislature



V/Ree  
B/Ree

S.J.R. No. 49

1 by general law shall provide for the tax relief that is required by  
2 Subsection (f) and this subsection.

3 (i) Subsections (f) and (h) of this section apply to ad  
4 valorem maintenance and operation taxes levied by a school district  
5 on or after the first January 1 after the date on which a tax on  
6 the net incomes of natural persons, including a person's share of  
7 partnership and unincorporated association income, begins to apply  
8 to that income, except that if the income tax begins to apply on a  
9 January 1, Subsections (f) and (h) of this section apply to ad  
10 valorem maintenance and operation taxes levied on or after that  
11 date.

12 (j) A provision of this section prevails over a conflicting  
13 provision of Article VII, Section 3, of this Constitution to the  
14 extent of the conflict.

15 SECTION 3. This proposed constitutional amendment shall be  
16 submitted to the voters at an election to be held November 2, 1993.  
17 The ballot shall be printed to provide for voting for or against  
18 the proposition: "The constitutional amendment prohibiting a  
19 personal income tax without voter approval and, if an income tax is  
20 enacted, dedicating the revenue to education and limiting the rate  
21 of local school taxes."

*Rice*  
*V. Lee*

S.J.R. No. 49

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.J.R. No. 49 was adopted by the Senate on April 27, 1993, by the following vote: Yeas 28, Nays 1, one present not voting; May 23, 1993, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 26, 1993, House granted request of the Senate; May 27, 1993, Senate adopted Conference Committee Report by the following vote: Yeas 28, Nays 1, one present not voting.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.J.R. No. 49 was adopted by the House, with amendments, on May 21, 1993, by the following vote: Yeas 125, Nays 7, three present not voting; May 26, 1993, House granted request of the Senate for appointment of Conference Committee; May 28, 1993, House adopted Conference Committee Report by the following vote: Yeas 129, Nays 6, one present not voting.

\_\_\_\_\_  
Chief Clerk of the House

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**73rd Regular Session**

May 27, 1993

TO: Honorable Bob Bullock  
Lieutenant Governor  
Senate Chamber  
Austin, Texas

Honorable Pete Laney  
Speaker of the House  
House of Representatives  
Austin, Texas

IN RE: Conference Committee Report for  
Senate Joint Resolution No. 49

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on the Conference Committee Report on Senate Joint Resolution No. 49 (proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax, if enacted, to education and property tax relief) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax or increasing the rate of a personal income tax without a statewide referendum. The resolution would also dedicate two-thirds of net revenue from any personal income tax to school district property tax relief and the remainder for support of education. In the event that an income tax is adopted, the rate of maintenance and operations tax for school districts would be reduced to reflect the amount of income tax dedicated to the property tax relief. Subsequent increases in school maintenance and operation tax rates would require voter approval.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

Source: Comptroller of Public Accounts  
LBB Staff: JO, JWH, EC, RRS, OC

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**73rd Regular Session**

May 6, 1993

TO: Honorable Tom Craddick, Chair  
Committee on Ways and Means  
House of Representatives  
Austin, Texas

IN RE: House Committee  
Substitute for Senate Joint  
Resolution No. 49

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Committee Substitute for Senate Joint Resolution No. 49 (proposing a constitutional amendment prohibiting a personal income tax without voter approval) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax, increasing the rate of a personal income tax, or reducing the personal exemption, a deduction or a credit of a personal income tax without a statewide referendum.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

Source: LBB Staff: JO, JWH, DF, RRS, JOL

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE  
73rd Regular Session**

**April 30, 1993**

**TO: Honorable Tom Craddick, Chair  
Committee on Ways and Means  
House of Representatives  
Austin, Texas**

**IN RE: Senate Joint Resolution  
No. 49, as engrossed  
By: Montford, et al.**

**FROM: Jim Oliver, Director**

In response to your request for a Fiscal Note on Senate Joint Resolution No. 49, as engrossed (proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax or increasing the rate of a personal income tax without a statewide referendum. The resolution would also dedicate net revenue from any personal income tax to public schools and property tax relief.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

**Source: Comptroller of Public Accounts  
LBB Staff: JO, JWH, EC, RRS, OC**

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE**  
**73rd Regular Session**

April 23, 1993

TO: Honorable John Montford, Chair  
Committee on Finance  
Senate Chamber  
Austin, Texas

IN RE: Committee Substitute for  
Senate Joint Resolution  
No. 49

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Committee Substitute for Senate Joint Resolution No. 49 (proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax or increasing the rate of a personal income tax without a statewide referendum. The resolution would also dedicate net revenue from any personal income tax to public schools and property tax relief.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

Source: Comptroller of Public Accounts;  
LBB Staff: JO, JWH, EC, RRS, JOL

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE  
73rd Regular Session**

April 21, 1993

TO: Honorable John Montford, Chair  
Committee on Finance  
Senate Chamber  
Austin, Texas

IN RE: Senate Joint Resolution No. 49  
By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 49 (proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief) this office has determined the following:

The resolution proposes a constitutional amendment which, if adopted, would prohibit the Legislature from imposing a personal income tax or increasing the rate of a personal income tax without a statewide referendum. The resolution would also dedicate net revenue from any personal income tax to public schools and property tax relief.

The amendment would be submitted to the voters on November 2, 1993.

The fiscal implication to the State and units of local government cannot be determined.

The cost of publication of the resolution to the State would be \$60,000.

Source: Comptroller of Public Accounts  
LBB Staff: JO, JWH, EC, RRS, LC

one present not voting

J.R.  
S.B. No. 49\_\_\_\_\_  
President of the Senate\_\_\_\_\_  
Speaker of the House

I hereby certify that <sup>J.R.</sup> S.B. No. 49 <sup>was adopted by</sup> ~~passed~~ the Senate on April 27, 1993, by the following vote: Yeas 28, Nays 1; May 23, 1993, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 26, 1993, House granted request of the Senate; May 27, 1993, Senate adopted Conference Committee Report by the following vote: Yeas 28, Nays 1, one present not voting.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that <sup>J.R.</sup> S.B. No. 49 <sup>was adopted by</sup> ~~passed~~ the House, with amendments, on May 21, 1993, by the following vote: Yeas 125, Nays 7; May 26, 1993, House granted request of the Senate for appointment of Conference Committee; May 28, 1993, House adopted Conference Committee Report by the following vote: Yeas 129, Nays 6, one present not voting.

, three present not voting

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date\_\_\_\_\_  
Governor



## BILL ANALYSIS

Senate Research Center

S.J.R. 49  
By: Montford, Ratliff, et al.  
Finance  
4-21-93  
As Filed

### BACKGROUND

Texas is one of seven states that does not impose a state personal income tax. The state relies instead on the sales tax and a variety of other fees and taxes to fund state government. Through performance audits and critical assessment of functions and priorities, the 73rd Texas Legislature has been able to produce a budget that does not increase taxes. Future legislatures may find it necessary to seek new methods of financing the state budget; among the alternatives for raising revenue is a state personal income tax. Current Texas law requires only a majority vote of both houses of the legislature to impose or repeal a tax.

### PURPOSE

As proposed, S.J.R. 49 requires the submission to the voters of a constitutional amendment prohibiting a state personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief.

### RULEMAKING

It is the committee's opinion that this bill does not grant any additional rulemaking authority to any state officer, institution, or agency.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article VIII, Section 1(c), Texas Constitution, to make conforming changes.

SECTION 2. Amends Article VIII, Texas Constitution, by adding Section 24, as follows:

Sec. 24. (a) Requires a general law enacted by the legislature that imposes a tax on the net incomes of natural persons, including a person's share of partnership and unincorporated association income to provide that the portion of law imposing the tax not take effect until approved by a majority of the voters voting in a statewide referendum held on the subject of imposing the tax. Requires the referendum to specify the rate of the tax. Requires all net revenues received from such a tax to be used for the support and maintenance of primary and secondary schools and, in the first year the tax is imposed and during the first year of any tax rate increase, to reduce ad valorem taxes levied and collected for primary and secondary education, and in subsequent years to provide continued property tax relief.

(b) Prohibits a general law enacted by the legislature that increases the rate of the tax from taking effect until approved by a majority of the voters voting in a statewide referendum held on the subject of increasing the rate. Requires the referendum to specify the increased rate.

(c) Authorizes the legislature to amend or repeal a tax approved by the voters under this section with submitting the amendment or the repeal to the voters as provided by Subsection, with an exception.

(d) Authorizes the legislature, if it repeals a tax approved by the voters under this section, to reenact the tax without submitting the reenactment to the voters only if the effective date of the reenactment of the tax is before the first anniversary of the effective date of the repeal.

SECTION 3. Requires this constitutional amendment to be submitted to the voters at an election to be held on November 2, 1993, and provides the language for the ballot.

## BILL ANALYSIS

Senate Research Center

C.S.S.J.R. 49  
By: Montford, Ratliff, et al.  
Finance  
4-23-93  
Committee Substitute

### BACKGROUND

Texas is one of seven states that does not impose a state personal income tax. The state relies instead on the sales tax and a variety of other fees and taxes to fund state government. Through performance audits and critical assessment of functions and priorities, the 73rd Texas Legislature has been able to produce a budget that does not increase taxes. Future legislatures may find it necessary to seek new methods of financing the state budget; among the alternatives for raising revenue is a state personal income tax. Current Texas law requires only a majority vote of both houses of the legislature to impose or repeal a tax.

### PURPOSE

As proposed, C.S.S.J.R. 49 requires the submission to the voters of a constitutional amendment prohibiting a state personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief.

### RULEMAKING

It is the committee's opinion that this bill does not grant any additional rulemaking authority to any state officer, institution, or agency.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article VIII, Section 1(c), Texas Constitution, to make conforming changes.

SECTION 2. Amends Article VIII, Texas Constitution, by adding Section 24, as follows;

Sec. 24. (a) Requires a general law enacted by the legislature that imposes a tax on the net incomes of natural persons, including a person's share of partnership and unincorporated association income to provide that the portion of law imposing the tax not take effect until approved by a majority of the voters voting in a statewide referendum held on the subject of imposing the tax. Requires the referendum to specify the rate of the tax. Requires all net revenues received from such a tax to be used for the support and maintenance of primary and secondary schools and to reduce ad valorem taxes levied and collected for primary and secondary education, and in subsequent years to provide continued property tax relief.

(b) Prohibits a general law enacted by the legislature that increases the rate of the tax from taking effect until approved by a majority of the voters voting in a statewide referendum held on the subject of increasing the rate. Requires the referendum to specify the increased rate.

(c) Authorizes the legislature to amend or repeal a tax approved by the voters under this section with submitting the amendment or the repeal to the voters as provided by Subsection, with an exception.

(d) Authorizes the legislature, if it repeals a tax approved by the voters under this section, to reenact the tax without submitting the reenactment to the voters only if the effective date of the reenactment of the tax is before the first anniversary of the effective date of the repeal.

(e) Authorizes the legislature to provide for the taxation of income in a manner which is consistent with federal law.

SECTION 3. Requires this constitutional amendment to be submitted to the voters at an election to be held on November 2, 1993, and provides the language for the ballot.

## BILL ANALYSIS

Senate Research Center

S.J.R. 49  
By: Montford, Ratliff, et al.  
Finance  
8-5-93  
Enrolled

### BACKGROUND

Texas is one of seven states that does not impose a state personal income tax. The state relies instead on the sales tax and a variety of other fees and taxes to fund state government. Through performance audits and critical assessment of functions and priorities, the 73rd Texas Legislature has been able to produce a budget that does not increase taxes. Future legislatures may find it necessary to seek new methods of financing the state budget; among the alternatives for raising revenue is a state personal income tax. Current Texas law requires only a majority vote of both houses of the legislature to impose or repeal a tax.

### PURPOSE

As enrolled, S.J.R. 49 requires the submission to the voters of a constitutional amendment prohibiting a state personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief.

### RULEMAKING

It is the committee's opinion that this bill does not grant any additional rulemaking authority to any state officer, institution, or agency.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article VIII, Section 1(c), Texas Constitution, to make conforming changes.

SECTION 2. Amends Article VIII, Texas Constitution, by adding Section 24, as follows;

Sec. 24. (a) Requires a general law enacted by the legislature that imposes a tax on the net incomes of natural persons, including a person's share of partnership and unincorporated association income, to provide that the portion of law imposing the tax not take effect until approved by a majority of the voters voting in a statewide referendum held on the subject of imposing the tax. Requires the referendum to specify the rate of the tax.

(b) Prohibits a general law enacted by the legislature that increases the rate of the tax, or changes the tax, in a manner that results in an increase in the combined income tax liability of all persons subject to the tax from taking effect until approved by a majority of the voters voting in a statewide referendum held on the subject of increasing the income tax. Requires a determination of whether a bill proposing a change in the tax would increase the combined income tax liability of all persons subject to the tax to be made by comparing the provisions of the proposed change in law with the provisions of the law for the most recent year in which actual tax collections have been made. Requires a referendum held under this subsection to specify the manner in which the proposed law would increase the combined income tax liability of all persons subject to the tax.

(c) Authorizes the legislature to amend or repeal a tax approved by the voters under this section without submitting the amendment or the repeal to the voters as provided by Subsection (a), with an exception.

(d) Authorizes the legislature, if it repeals a tax approved by the voters under this section, to reenact the tax without submitting the reenactment to the voters only if the effective date of the reenactment of the tax is before the first anniversary of the effective date of the repeal.

(e) Authorizes the legislature to provide for the taxation of income in a manner which is consistent with federal law.

(f) Requires, in the first year an income tax is imposed and in the first year of any increase, not less than two-thirds of all net revenues received from the tax to be used for the support and maintenance of primary and secondary schools and to reduce ad valorem taxes levied and collected for primary and secondary education, and in subsequent years to provide continued property tax relief.

(g) Requires the net revenues remaining after the dedication of money from the tax under Subsection (f) of this section to be used for support of education, subject to legislative appropriation, allocation, and direction.

(h) Provides for reductions in the maximum ad valorem maintenance and operation taxes as a result of revenue dedicated under Subsection (f). Provides that the voters of a school district may vote to increase the maximum ad valorem maintenance and operation tax rate at an election called and held for that purpose. Requires the legislature to provide by law for the tax relief that is required by Subsection (f) and this subsection.

(i) Provides for the effective date of the provisions of Subsections (f) and (h).

(j) Provides that a provision of this section prevails over a conflicting provision of Article VII, Section 3, Texas Constitution, to the extent of the conflict.

**SECTION 3.** Requires this constitutional amendment to be submitted to the voters at an election to be held on November 2, 1993, and provides the language for the ballot.

S.I.R. No.

49

By

Munford-Rathoff

C. Harris

Wentworth

## SENATE JOINT RESOLUTION

proposing a constitutional amendment prohibiting a personal income tax without voter approval and dedicating the proceeds of the tax to education and property tax relief.

420

APR 20 1993

Filed with the Secretary of the Senate

Read and referred to Committee on FINANCE

Reported favorably

4-26-93

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

Ordered not printed

APR 27 1993

Laid before the Senate

Senate and Constitutional Rules to permit consideration suspended by:

unanimous consent

\_\_\_\_ years, \_\_\_\_ nays

APR 27 1993

Read second time, amended, and ordered engrossed by:

unanimous consent

a viva voce vote

\_\_\_\_ years, \_\_\_\_ nays

APR 27 1993

Caption ordered amended to conform to the body of the bill.

APR 27 1993

Senate and Constitutional 3 Day Rule suspended by a vote of 28 yeas, 1 nays. 1PNV

APR 27 1993

Read third time, \_\_\_\_\_, and passed by: 28 yeas, 1 nays 1PNV

Betty King

SECRETARY OF THE SENATE

## OTHER ACTION:

April 27, 1993

Engrossed

April 27, 1993

Sent to House

Engrossing Clerk

Patsy Spaw

APR 27 1993

Received from the Senate

APR 29 1993

Read first time and referred to Committee on WAYS & MEANS

MAY 5 1993

Reported favorably substituted amended, sent to Printer 6:30 pm MAY 6 1993

MAY 7 1993

Printed and Distributed 12:17 AM

5-7-93

Sent to Committee on Calendars 9:49 am

MAY 21 1993

Read Second time (amended) and finally adopted as subs.  
failed adoption by Record Vote of 125 yeas, 7 nays 3 present not voting.Read third time (amended) and finally adopted  
failed adoption by Record Vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays \_\_\_\_\_ present not voting.

MAY 21 1993

Caption ordered amended to conform to body of bill.

Returned to Senate.

Betty Manning

CHIEF CLERK OF THE HOUSE

Returned from House without amendment.

MAY 22 1993

Returned from House with \_\_\_\_\_ amendments.

Concurred in House amendments by a viva voce vote \_\_\_\_\_ yeas, \_\_\_\_\_ nays.

MAY 23 1993

Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

MAY 23 1993

Senate conferees instructed.

Senate conferees appointed: Montford, Chairman: Armbrister  
Harris of Dallas, Halley, and Sibley

May 26, 1993

House granted Senate request. House conferees appointed: \_\_\_\_\_, Chairman: \_\_\_\_\_

MAY 27 1993

Conference Committee Report read and filed with the Secretary of the Senate.

Conference Committee Report adopted on the part of the House by: \_\_\_\_\_

{ a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

MAY 27 1993

Conference Committee Report adopted on the part of the Senate by: \_\_\_\_\_

{ ~~a viva voce vote~~  
28 yeas, 1 nays, / present not voting

OTHER ACTION:

Recommitted to Conference Committee

Conferees discharged.

Conference Committee Report failed of adoption by: \_\_\_\_\_

{ a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

93 MAY -7 AM 12:17

HOUSE OF REPRESENTATIVES